

HOUSE BILL NO. 290.

Executive Office,

Austin, Texas, April 28, 1905.

To the Secretary of State:

I disapprove and herewith transmit House Bill No. 290, entitled "An Act to authorize the State Board of Education to purchase State warrants with the permanent School Fund."

I give notice and proclaim that I object to this bill for the following reasons to wit:

It authorizes the purchase of State warrants at a discount, and contemplates a departure from the methods now and heretofore employed for the investment of the permanent School Fund. It is not believed to be good policy for the State to enter the field of speculation in its own warrants or to buy them at a discount. They should be maintained at par and not be depreciated by the State's action.

The Permanent School Fund should, in keeping with the custom that has long prevailed, be invested in approved interest-bearing, long time obligations.

The law authorizes the purchase of certain bonds with this Fund, the interest accruing therefrom to be applied for the benefit of the Available School Fund, and in consequence a steady income is derived.

To purchase State warrants, under the provisions of this bill, would disarrange the system which has operated so satisfactorily, and, to the extent of such purchase, prevent desirable investments in bonds that might be offered, and if any advantage should result it would only be temporary in its character.

I believe it to be unwise to change the course that has been uniformly pursued for so many years in the investment of the Permanent School Fund. Accordingly, I veto th's bill.

S. W. T. LANHAM,
Governor.